U.S. timber producers say Canadians have price edge

WASHINGTON—The International Trade Commission is investigating the pricing of United States and Canadian timber.

The inquiry was prompted by a feeling among some Western United States producers that their Canadian counterparts enjoy an unfair competitive advantage.

While United States consumption of Canadian softwood has grown steadily, from 23% in 1972 to 30% currently, pricing differences were not an issue until recently when demand dropped significantly.

At issue is the ability of the Canadian government to adjust stumpage prices up or down to accommodate swings in market price levels. With 94% of Canada's commercial timberlands under government control, compared to 61% in the Western United States, the major complaint is focusing on whether Canada is subsidizing its timber industry.

Among the factors the International Trade Commission will explore are taxes, transportation rates, stumpage costs and appraisal methods, fixed and variable costs and policies and regulations.

Part of the problem facing the commission is the lack of comparability between certain United States and Canadian practices. Stumpage, for example, is measured in thousand board feet in the United States and in cubic meters in Canada.

While appraisal methods are similar, United States firms generally bid up from the appraised price, while Canadian companies do not, said Jeff Wood, commodity analyst for the commission.

"The most intricate differences are between the taxing structure of the United States Northwest and British Columbia," said Russ Fredsall, director of resources for the Western Wood Products Assn., Portland, Ore. "Return on investment is the only way to reduce it to a comparable basis."

The basic difference between Canada and the United States lumber policy, according to Fredsall, is one of attitude.

"There's no question that the provincial government wants to keep people working and makes concessions accordingly," he said. "Their government policies favor a strong timber economy whereas down here the Government is basically an adversary."

It is unlikely that the commission will assert explicitly whether or not Canada enjoys an unfair competitive advantage.

"The report itself carries no regulatory force," said commission project leader Bill Hoffmeier.

It will be up to the Senate Finance Committee and the Subcommittee on Trade of the House Ways and Means Committee, which authorized the study last December, to evaluate the findings and perhaps develop legislation. The commission, which is part of the U.S. Department of Commerce, has until early April to make its report.

"If we ever were to introduce legislation it could take the form of some kind of tariff," said a spokesman for Sen. Robert Packwood (R-Ore.), chairman of the Senate Subcommittee on Taxation of the Finance Committee. "But that's months away."

The International Trade Commission of the Department of Commerce is investigating allegations that Canadian lumber producers enjoy an unfair competitive advantage in United States markets.

Supplier files suit

Davidson axes contractor sales

MIAMI—Davidson Lumber is attempting to regain its balance following a year-end one-two punch: the shutdown of its estimated $4.8 million contractor sales division and a $217,000 law suit filed by one of its major hardware suppliers.

Roland Regato, vice president for merchandising and retailing for the seven-unit chain said the reasons for the shutdown of contractor sales were "very obvious."

"As the construction industry has fallen off, so has our business. We decided to stop the shrinkage of profits in order to remain solvent," Regato said. Contractor sales accounted for approximately 30% of the chain's 1981 business.

The shutdown meant laying off 100 employees and closing yards in West Palm Beach and Dania, Fla., as well as part of a yard in West Dade. More than 200 workers have been laid off since mid-1981, although Regato said a "few" of the contract division employees are being transferred to retail.

Regato described the shutdown as "temporary" at this time, but noted it could become permanent if the housing slump continues. "We can concentrate our resources in only so many places," he said.

One place the Miami-based operation is trying to concentrate its resources now, however, is in fending off its creditors.

On New Year's Eve, company president Stanley Davidson was served with a $217,000 suit for nonpayment of merchandise on behalf of Alchar Hardware, one of Davidson's suppliers.

The replevin action seeks to reclaim the merchandise Alchar contends it still owns, in lieu of payment, according to Louis Phillips, a Miami-based attorney for Davidson.

Alchar president Alan Weiner told *NHCN* that Davidson promised to set up a payment plan before the end of 1981, after failing to honor payment to Alchar for $217,000 worth of goods. When that plan failed to materialize, Weiner said, there was no choice but to take legal action.

(Continued on page 48)

Free delivery policy puts Dave's sales in high gear

BALDWIN, N.Y.—Free delivery may be going the way of the eight-cylinder automobile for most home center and lumberyard operators, but since Dave Golbert instituted a 24-hour, free delivery policy three years ago, sales for independent Dave's Lumber have virtually tripled.

The idea began when Golbert, president of Dave's Lumber, decided to expand the market coverage of his lumberyard beyond the boundaries of Nassau and Suffolk Counties on Long Island.

The problem he faced, he said, was the existence of several strong yards between his outlet and New York City, 40 miles west, which were also pursuing small contractor, industrial and DIY customers.

To distinguish his outlet from his competitors, Golbert instituted a free-delivery policy with no minimum purchase requirement that guaranteed delivery within 24 hours.

Beginning modestly with two trucks, the service has grown to six trucks, each shipping seven loads a day, six days a week. Golbert attributed his store's tripling its sales from $1 million in 1978 to $3 million this

(Continued on page 51)

Home Depot expanding 4 Atlanta units by 25%

ATLANTA—The Home Depot is expanding its four stores here by 25% to a maximum of 75,000 sq. ft., with the first revamped store expected to be ready by March 1.

New categories will be added and most of those already carried will be expanded, according to Arthur Blank, the chain's president. Alterations to the remaining three units will be phased in over an unspecified period of time.

The chain's four Florida stores will not be changed now, although some ideas from those operations may be adopted in Atlanta.

"The entire store is being relaid out, changing the flow of traffic to a certain extent," said Blank. "We've done very well in the Atlanta market since we opened. The expanded format means being more, bigger and better."

The added floor space was made possible when J. C. Penney closed its Treasure Island discount operations. The Home Depot has been leasing some of that space.

One category, automotive, will be dropped completely. Atlanta Home Depot stores have been advertising a 40% clearance on those items since early last month. They were never sold in the Florida outlets.

Automotive departments were limited to oil and accessories. The approximately 600 sku's, out of 25,000 storewide, took up only two sides of a 28-ft. fixture.

"It was not a meaningful business for us," Blank said. "Our philosophy has been to take a dominant position. If we choose not to do that, we'd rather not be in the category."

He would not comment on what specific categories will be added to the enlarged units.

The Home Depot, which opened its first two stores in Atlanta in mid-1979, is expected to record total sales in excess of $40 million this year, at its eight locations.

Import interest marks W. German fair

COLOGNE, West Germany—The growing penetration of foreign-made tools and hardware in the United States market is drawing considerable attention to this year's International Hardware Fair, which opens here Feb. 13.

Imported power tools now make up 17% of the $2 billion consumer power tool market in the United States and several foreign producers are seeking to join the competitive battle in this lucrative arena. (*NHCN*, Dec. 7, 1981.)

Over 600 manufacturers from more than 20 countries will be displaying tools at the Fair as part of the over 1,300 exhibitors reportedly due at this annual event. Trade officials estimate that attendance figures will exceed the 38,000 visitors from 68 nations who attended the 1981 Fair.

A total of 41 companies from the United States will be presenting hand and power tools, locks, small hardware, insulation, building materials and other DIY fare. Twenty-one of these firms will be taking part in a joint venture organized by the German-American Chamber of Commerce in New York.

Interest in the DIY market worldwide is also expected to run high at the Fair, which will feature two major seminars on the subject.

On Feb. 14, the DIY Conference of the Federal German Building and Works Assn. will conduct a panel discussion on the opportunities and risks of entering the DIY market.

The Worldwide DIY Council will also conduct an expert seminar the next day, with topics to include safety regulations on imported tools and an investigation into the availability of new DIY products worldwide.

While electric tools that would be labeled industrial in the United States still comprise the bulk of what is manufactured in Europe, German industry sources spotted a trend among "handymen" toward more powerful equipment.

(Continued on page 4)

INSIDE

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Vol. 8, No. 3 February 1, 1982

FINANCIAL NEWS

Dec. sales drop 11% at Lowe's

NORTH WILKESBORO, N.C.—Despite rising retail volume, Lowe's sales dropped 12% in November to $62.7 million and were down 11% in December to $58.5 million compared to figures for November and December 1980.

These results followed an 8% sales decline in the third quarter ended Oct. 31 to $227,910,000. Net earnings for the third quarter fell 30% to $4,859,000 compared to the same period last year. Officials attributed the decline to increased expenses combined with lower sales although there was continued improvement in margins, especially in the retail sector.

Retail sales, up by 10% in the third quarter, rose 5% in November to $35.4 million and increased 11% in December to $34.5 million.

In contrast, builder volume followed a 23% decline in the third quarter with drops of 28% in November to $27.4 million and 31% in December to $24 million.

The slackening builder trade combined with improved retail sales caused a shift in the 224-store chain's consumer/contractor mix. Retail volume claimed 55% of total sales in the third quarter, 56% in November and 59% in December.

READ CLASSIFIED ADS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Forest City	10/31-3rd qtr.	$ 77,693	$ 80,726	– 4	$ 3,765	$ 2,596	45
Interco	11/30-3rd qtr.	716,995	606,949	18	31,216	33,006	– 5
Lowe's	12/26-4 wks.	58,500	65,800	–11	—	—	—

*$ in thousands

Rickel posts 10% increase in third-quarter volume

WOODBRIDGE, N.J.—Rickel Home Centers posted a 10% increase in sales to $47,232,000 in its third quarter ended Oct. 31 as compared to the same quarter in 1980, according to a report from its parent, Supermarkets General.

The increase brought revenues for the first nine months of the 31-store chain's fiscal year to $143,367,000, 16% ahead of figures for the same period a year ago.

Supermarkets General officials said Rickel showed a substantial third-quarter earnings gain despite slow housing starts, high interest rates and a recessionary economy. Actual earnings for Rickel were not reported.

STOCK PRICES

Companies with predominant home center sales

	As of 12/30	As of 1/6
Lowe's (NYSE)	13	12½
Payless Cashways (NYSE) [Furrow]	16½	16
Scotty's (NYSE)	18¾	18¾

Over-the-counter stocks

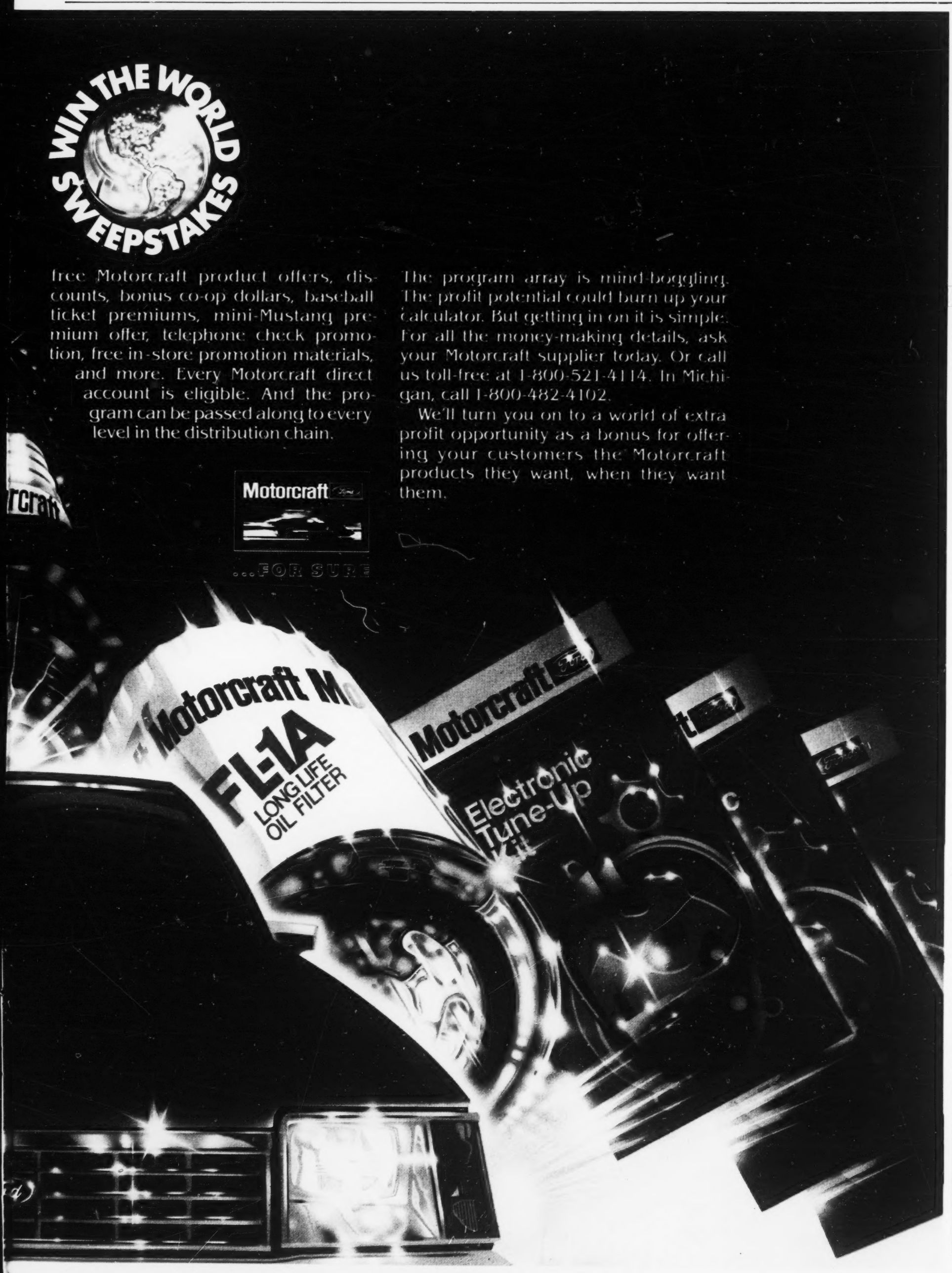
	As of 1/6 Bid	Asked
Erb Lumber	10	12
Hechinger	17¼	17⅝
The Home Depot	18½	19
Pay 'N Pak	14¼	14⅝
Wolohan Lumber	3⅜	3¾

Companies with significant home center sales

	As of 12/30	As of 1/6
Action Industries (AMEX) [Action Home Centers]	2⅝	2¾
American Maize Products (AMEX) [Lloyd Lumber, Lundy-Briggs]	9⅞	10¼
Boise Cascade (NYSE)	34½	33⅜
Cyclops (NYSE) [Busy Beaver]	25⅛	26⅞
Diamond Int'l (NYSE)	40	39½
Edison Brothers (NYSE) [Handyman, Homer's]	24½	24¾
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	17⅛	17¼
Forest City (AMEX)	13⅝	13¾
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	45½	44¼
Interco (NYSE) [Central Hardware]	47⅛	45⅜
Peavey (NYSE) [Fish, Peavey/Thunderbird]	21	21¼
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	14¾	15⅜
Supermarkets General (NYSE) [Rickel]	19⅜	18½
Union Camp (NYSE) [Homecrafters]	49⅞	48⅞
Wickes (NYSE) [Wickes Lumber, Builders Emporium]	8⅞	8⅜

Over-the-counter stocks

	As of 1/6 Bid	Asked
Dart Drug	12	12⅜
Hines Lumber	15¼	16½
Pay 'n Save [Ernst, Von Tobel's, Yard Birds]	25⅞	26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DIY execs still back Reagan despite industry slowdown

NATIONAL REPORT—While home center executives admit their industry is no better off now than a year ago, few are willing to blame the policies of the Reagan Administration.

Several retailers offered criticism of many of Reagan's first year actions, and were particularly dismayed over the near 9% unemployment rate and still-dizzying interest rates which are strangling the housing industry.

However, more severe attacks were launched at the Federal Reserve's constrictive monetary program and the "profligacy" of past Administrations, with the President receiving high marks for directing the country toward a "better" and "necessary" fiscal course.

"President Reagan has embarked on a program that will bail the United States out, and I'm fully behind him," said Mike Grossman, president of 193-unit Grossman's, Braintree, Mass. "But he cannot correct the evils and sins of the past 50 years in one fell swoop. It's like a chain with a bad store; you put a new manager in and give him at least a year to solve the store's problems."

As far as the home center industry is concerned, Grossman conceded that most businesses were hurting, but added that the retail division of parent Evans Products had its biggest sales and earnings year in 1981.

However, the consensus is that the economic downturn is beginning to erode some of the vaunted resiliency home centers have shown in the past. "The home center industry could not be in worse shape," intoned Richard England, chairman of the 33-unit Hechinger chain, Landover, Md. "We're recession-resistant, not recession-proof."

England saw things getting worse, especially in Washington, where the President, in his Jan. 26 State of the Union message, announced his plan to cut another 75,000 workers from the Federal payroll. "That certainly won't help our stores' sales any," England said.

He added that he was glad to see inflation drop, but felt that more budget cuts were needed "throughout the economy. I can't see why, 30 years after the Korean War, we still have 50,000 troops there. This 'world policeman' attitude is costing America billions of wasted dollars."

Another home center president not enamored with Reagan's speech was Steve Feinstein, head of eight-unit Eclipse Industries, Bridgeton, Mo. "I

(Continued on page 4)

Justice Dept. may help mfrs. revive fair trade

By Ken Rankin and Ken Schept
Washington bureau report

In a shift of policy that could encourage manufacturers to eliminate discount pricing by retailers, the Justice Department has cut back sharply on enforcing certain restraint of trade statutes.

The department may also soon intervene in selected private law suits as a "friend of the court," supporting manufacturers charged with resale price maintenance, or controlling retail prices.

Top Justice Department officials now openly advocate resale price maintenance and other vertical trade restraints that control distribution of goods among manufacturers, wholesalers and retailers.

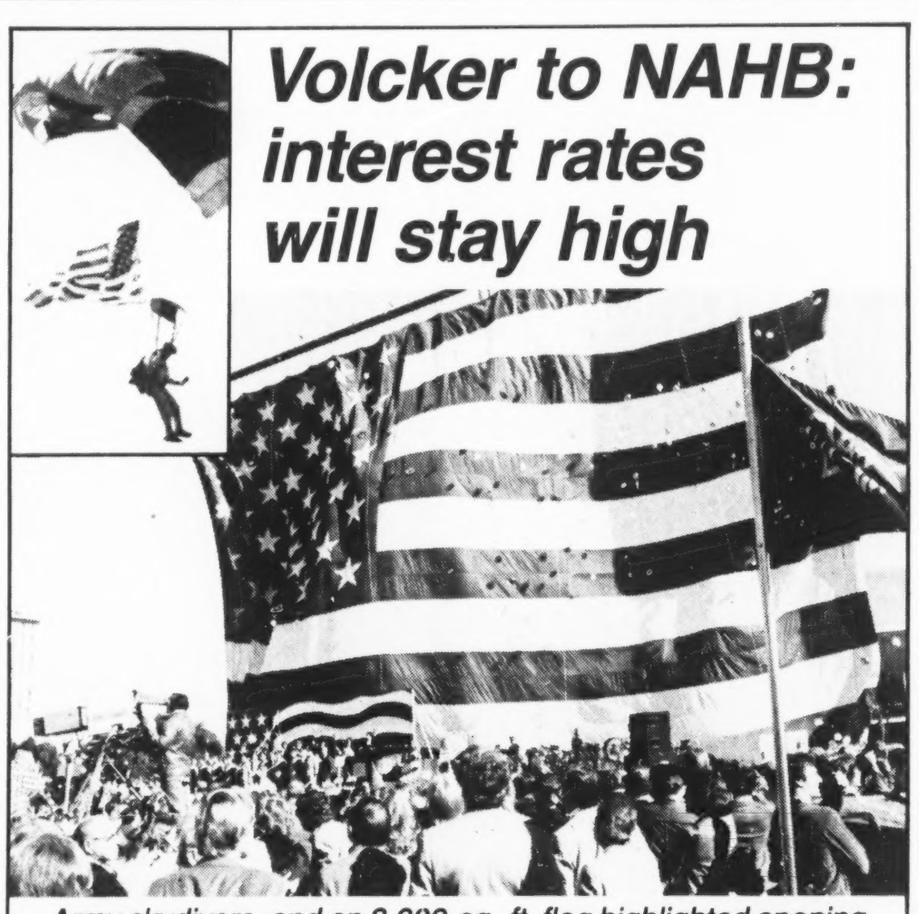
Discounting retailers have been characterized by Justice officials as "free riders" who take unfair advantage of manufacturers and competing "full-service" retailers.

Similar views on vertical antitrust restraints are also surfacing among Reagan Administration appointees to the Federal Trade Commission.

While to retailers the current Washington mood may be reminiscent of Depression-era fair trade, the Administration sees this effort differently.

(Continued on page 35)

Volcker to NAHB: interest rates will stay high



Army skydivers, and an 8,000-sq.-ft. flag highlighted opening ceremonies of 38th convention of the National Assn. of Homebuilders in Las Vegas. The mood, however, was decidedly downbeat as Federal Reserve Chairman Paul Volcker, in a speech to builders, said that while inflation fever is breaking, interest rates are likely to remain high. For more on Volcker, and the NAHB Show, see p. 4. NHCN photos

NEWSBREAKS

EVANS SALES, EARNINGS UP. The 336-unit retail division of Evans Products, Portland, Ore., showed a 9% increase in 1981 sales to $756.2 million, with earnings jumping 2.2% to $53 million. But fourth-quarter volume rose only marginally, and earnings were down 13.5% from $15.6 million to $13.5 million.

CHANNEL TO DOMINATE N.J. HOME SHOW. The first consumer home show in the northern New Jersey area is set for May 5 to May 9 at the new Byrne Meadowlands Arena. The Whippany, N.J.-based home center chain is the show's largest exhibitor, with 26 booths out of the show's total of 400 display spaces.

Payless rebounds in '81; net rises 52% to $16.6M

KANSAS CITY, Mo.—What a difference a year makes.

The 86-unit Payless Cashways has rebounded strongly from a "disappointing" 1980, its revenues increasing 25% to $479 million and its earnings rising 52% to $16.6 million for the fiscal year ended Nov. 28.

Twelve months ago, the chain was suffering from reduced margins, that were crippling net income, and faced a slowdown in sales growth.

Revenues for 1980, though up 21% to $383 million, were deemed "not consistent with our history, nor our expectations for the year" by president David Stanley and chairman Stanley Covey. It was only the second time in a decade that Payless' sales had increased less than 25%.

Net income was even more disappointing, plummeting 24% to $10.9 million, with most of the loss occurring during that year's very hot and dry second and third quarters. The earnings decline was also partially due to the chain's dropping its margins in the fourth quarter to recapture sales.

In addition, the company was highly leveraged, with its interest expense skyrocketing 59% to $7.7 million.

Sales and earnings for 1981 show that the patient has not only recovered, but is on his feet and running. Payless was also able to raise its margin percentage from 28.7% in 1980 to 29.9%, a figure that is projected to exceed the 30% mark by spring 1982. The chain has also shifted its borrowing from short- to long-term debt, and its interest expense of $8.2 million this year is only $50,000 more, or 10% above, its 1980 outlay.

Wayze Zetzman, Payless' vice president-finance, claims the chain is not doing anything radically different, although he

(Continued on page 35)

Pay 'N Pak adds lumber to mix

By Greg Puchalski
NHCN senior editor

KENT, Wash.—Pay 'N Pak, in a major shift in its product mix, will begin introducing lumber products to its stores this spring.

The 88-unit chain will add finished and dimensional lumber along with prefinished molding, plywood and additional hardware to its 11 largest 30,000-40,000-sq.-ft. stores in its fiscal year ended Feb. 28, 1983, according to Pay 'N Pak chairman and chief executive officer David J. Heerensperger.

To make room for the new merchandise, sporting goods and automotive lines will be dropped from the 11 outlets, he noted.

Automotives is one of the product areas being deleted from 11 of the largest Pay 'N Pak units to make room for lumber, plywood and more of the chain's basic lines. NHCN photo

Traditionally, Pay 'N Pak's strong suits have been electricals, accounting for 32% of the chain's total $151.8 million volume in fiscal 1981, and plumbing, garnering 24% of sales. Building materials, including floor coverings and cabinets, claimed 34% of the business a year ago, according to company figures.

Assortments in these areas will be beefed up, Heerensperger said. He is also considering adding more faucets and bathroom items to the plumbing selection and more doors, gypsum and roofing products to building materials.

In all, the stores will hike total sku's from 6,500 to 10,000 by the time the changes are completed, according to Heerensperger.

Sporting goods and automotives accounted for approximately 9% of Pay 'N Pak's business, but a disappointing proportion of profits, according to chain officials.

"Auto and sporting goods

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Bonanza to open 2 Bay Area units; eyes more sites

By Jim Storey
West Coast editor

SAN JOSE, Calif.—Following 18 months of extensive store upgrading, Bonanza Building Centers is looking to increase its dominance in this southern San Francisco Bay Area.

The four-unit chain, which began operations in 1980 when Australian conglomerate Burns-Philp purchased four Angels home centers from W. R. Grace, is scheduled to open its fifth store this month in nearby Santa Clara. A sixth unit is scheduled to open north of here in Newark later this spring.

The 28,000-sq.-ft. Santa Clara unit will open in a former Kress variety store, while the Newark home center will comprise from 30,000 to 35,000 sq. ft. of a former Treasury discount store.

Future expansion

Bonanza is also looking for additional existing facility sites for future expansion, a company official said.

Stephan Elliot, Bonanza merchandise manager, said that approximately 50% of the initial merchandise for the two new stores would be composed of inventory supplied from existing stores. "It [opening the new stores] is an ideal opportunity to reduce inventory," he said.

The four Bonanza stores are pumping out a combined annual volume in the $20 million range, Elliot said. Sales per square foot (of selling space) are averaging $160, while average transaction per customer is approximately $20, he noted, adding that the chain's financial trend continues on an upward surge.

It wasn't always that way. When Burns-Philp purchased the four stores and their inventory for $5.5 million, "the stores were run-down and business was going downhill," Bonanza president Stanley Nathanson said in an interview last year.

Nathanson, who has been involved in the building materials and home center industry since 1949 when he founded Republic Lumber in Chicago, brought in a hand-picked management team. They set out to completely remerchandise the stores while advertising heavily to build sales and customer counts.

The chain then began a major store-by-store facelift that included a new paint job, new exterior and interior signing, new tile floors, cash registers, shopping carts and fixtures.

"It was a drastic change," noted store manager Lee Spicer. Spicer, who also worked for Angels prior to the takeover, called the stores "more professional."

He pointed out some specific changes in his store, including: the lengthening of the gondolas from 40 ft. to 56 ft. to better accommodate the chain's good, better, best merchandise lines; the overall broadened assortment in each line to give customers more choice, and the extensive cross-merchandising of related products.

Spicer also noted that Bonanza has made subtle changes in merchandising, such as hanging sales tags down to eye-level from the lights, and suspending ceiling fans from new

(Continued on page 35)

Bonanza unit in San Jose, Calif., features 56-ft. gondolas to accommodate good, better, best lines. The store carries approximately 22,000 sku's. NHCN photo

Net falls 39% in qtr.

Scotty's lays off 100 full-timers

WINTER HAVEN, Fla.—Nearly flat sales and a 39% decline in net profits during Scotty's second quarter, ended Dec. 26 (*NHCN*, Feb. 1) prompted the 88-store chain to take new staff reduction measures in an attempt to regulate expenses, Scotty's officials said.

The company has issued temporary leaves of absence to more than 100 full-time employees at store level through last month, after staff cutbacks through attrition proved inadequate to control wage and benefit expenses, according to Harold W. Taylor, senior vice president and chief financial officer.

During the second quarter, Scotty's payroll and benefit expenses increased nearly 12% from the same period a year ago to $11,425,000 while total operating expenses climbed 14.6% in the period to $18,424,000.

Small increases in sales and gross profit in the quarter were not sufficient to keep net earnings from sliding to $1,441,000.

Taylor said the company hopes to have the laid-off employees back on the job by year-end if they want to return.

He added, however, "We've been on the attrition program since August and we've placed a freeze on the employment of new people."

The chain employs about 3,000 full-timers and 500 part-timers, Taylor said.

Scotty's results have been aided by gross margins that have remained even or slightly higher than in the first half of fiscal 1981 and interest income which has grown significantly from a year ago thanks to investment of $14 million-$16 million of reserves in certificates of deposit, commercial paper and A-rated or better preferred stock of utilities, Taylor indicated.

Despite the overall results, analyst Barbara T. Alexander of Smith Barney Harris Upham, New York, is still bullish on Scotty's stock essentially because the chain remains firm on its aggressive long-range planning and its gross margins are fairly strong.

Six states lift bans on kerosene heaters

NEW YORK—Six states have taken legislative action over the past eight months to lift their bans on home use of portable kerosene heaters.

Buyers at home center chains not carrying the heaters indicated however, that they are still reluctant to add the product to their inventory, generally considering it "not worth the risk" of potential store liability in the event of accident.

Buyers at chains currently carrying the heaters told *NHCN* that, because of the confusion anticipated by conflicting local and state laws, signage, warning labels and well-versed floor personnel would continue to be the rule.

Several retailers in the states affected—New York, Rhode Island, Delaware, Maryland, Ohio and New Hampshire—noted that restrictive local codes will blunt the impact of the state actions. The new guidelines are:

- In New York, kerosene heaters of less than 2-gal. fuel capacity and "listed" by a "nationally recognized independent testing laboratory acceptable to the Secretary of State" were approved for use in single-family dwellings in communities under 500,000 in population, where not restricted by local code or statute.
- In Rhode Island, the ban was lifted unconditionally.
- In Delaware, approval was granted to "listed" kerosene heaters confined to single-family dwellings and approved by the State Fire Prevention Commission.
- In Maryland, the Fire Prevention Code was amended to permit UL listed heaters in one- and two-family dwellings.
- In Ohio, "listed" portable

(Continued on page 33)

'81 tally: 1,086,000 housing starts

WASHINGTON—Actual housing starts in 1981 totaled 1,086,000, the lowest since World War II, according to the Commerce Department.

Permits, indicating future construction, were off 35.4% in December from a year earlier. Every region ended the year significantly down in both seasonally adjusted starts and permits.

The good news in December was that, compared to November, the rate of new home starts was up 13.3% and permits rose 11.6%. It was the first monthly gain in seasonally adjusted starts since July, when total home construction rose 1% after a 10% downturn in June, which followed a 13% drop in May.

Another optimistic year-end event was a decline in mortgage interest rates between the first week in November and the first week in December, "the first significant drop in mortgage rates since the summer of 1980," according to the Federal Home Loan Bank Board.

If interest rates in 1982 decline to 13½% for F.H.A.-insured mortgages, housing could reach 1.2 million units, according to Michael Sumichrast, chief economist for the National Assn. of Home Builders. Otherwise total units started this year may not reach 700,000, he said.

December 1981 housing activity

Data for actual new home starts and permits;
(Bold numbers in parentheses are seasonally adjusted annual rates)

	STARTS			PERMITS		
	Dec. Starts in 1,000's	% Change from Nov.	% Change from Dec. '80	Dec. Permits in 1,000's	% Change from Nov.	% Change from Dec. '80
Northeast	8.3 **(114)**	25.8 **(42.5)**	− 9.8 **(−13.0)**	6.4 **(83)**	− 5.9 **(− 2.4)**	−20.0 **(−27.8)**
North Central	7.3 **(146)**	−27.7 **(14.1)**	−43.0 **(−43.6)**	6.8 **(118)**	−13.9 **(20.4)**	−44.3 **(−44.1)**
South	33.3 **(507)**	− 8.3 **(2.0)**	−36.0 **(−36.1)**	31.7 **(422)**	13.2 **(10.5)**	−31.8 **(−31.9)**
West	13.2 **(211)**	20.0 **(33.5)**	−39.7 **(−40.1)**	13.7 **(184)**	20.2 **(16.5)**	−39.1 **(−39.3)**
Total Housing	62.0 **(978)**	− 3.1 **(13.3)**	−35.2 **(−36.3)**	58.5 **(807)**	8.1 **(11.6)**	−34.4 **(−35.4)**
Single Family	34.2 **(579)**	−15.8 **(1.8)**	−39.6 **(−40.6)**	29.6 **(458)**	2.8 **(14.2)**	−38.6 **(−39.2)**

Source: Department of Commerce; NHCN chart.

While seasonally adjusted starts in December were down 35.2% from a year ago, they were up 13.3% from November in the first monthly gain since July. Permits also rose by 11.6%.

INSIDE

BONANZA looks to increase its dominance in the San Jose, Calif., area, p. 2. . . . **COAST TO COAST** will open a full-line, franchised home improvement outlet next year, p. 3. . . . **PHOTOS** and a roundup story on the NAHB Las Vegas show, p. 4. . . . **HOME CENTER** market is turning into manufacturers' only alternative, p. 15. . . . **CERAMIC TILE** and grass cloth are seen as bright spots in wall decor. A photo-report, pp. 18-25.

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1982

FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Evans Products	12/31-4th qtr.	$ 364,640	$ 358,817	2	$ 5,868	$10,649	−45
	12/31-Year	1,537,157	1,462,852	5	17,620	40,961	−57
Payless Cashways	11/28-4th qtr.	129,521	114,089	14	5,204	4,207	24
	11/28-Year	479,137	383,057	25	16,632	10,959	52
Scotty's	12/26-5 wks.	24,973	26,033	− 4	—	—	—
	12/26-2nd qtr.	70,290	69,605	1	1,441	2,376	−39

*$ in thousands

Pay 'N Pak sales rise 25% in 3rd qtr.

KENT, Wash.—Pay 'N Pak helped boost sales through aggressive promoting during its third quarter ended last Nov. 30, according to David J. Heerensperger, chairman and chief executive officer.

The promotions, including higher than normal use of television, helped the 88-store chain show a 25% hike in sales over the third quarter a year ago to $51,699,279.

Because of high advertising expenditures combined with high borrowing costs, the company's net earnings rose only 17% from the previous third quarter to $2,078,636, Heerensperger said.

He added, however, that short-term debt would be nearly completely paid off during the fourth quarter and that inventory, relatively high at the start of the third quarter, had already reached proper levels.

Pay 'N Pak also completed its store refurbishing program (*NHCN*, March 16, Oct. 26, 1981) during the third quarter, Heerensperger said.

Home Depot pays stock dividend

ATLANTA—The Home Depot paid a 50% stock dividend on Jan. 19 to facilitate ownership and to broaden the base of its stock, according to chairman Bernard Marcus.

The dividend increased the number of Home Depot common shares outstanding to just under four million and also had the effect of lowering the price of the stock as planned.

On Jan. 19, the eight-unit chain's stock was bid at 21 and had an asking price of 21½. A day later, the stock was bid at 14 and asked at 14½.

The company went public last Sept. 22 (*NHCN*, Nov. 9, 1981) and has watched its stock climb steadily from its original $12 per share price.

FUTURES

Two weeks ended Jan. 22, 1982

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
March	160.00	145.30	145.40	154.70	3,823	247.50	145.30
May	166.50	152.00	152.10	161.90	2,816	220.30	152.00
July	175.20	162.30	162.30	171.80	943	224.50	162.30
Sept.	182.90	171.90	171.90	179.90	625	229.50	171.50
Nov.	183.00	172.60	172.80	181.20	641	224.50	172.00
Jan. '83	190.90	183.00	183.30	192.20	485	205.50	183.00
March	195.60	189.10	189.10	—	7	209.80	189.10

Total Contract Vol. (Through 1/22): 26,212 — **Previous Two Weeks: 12,236**
Total Open Interest (As of 1/21): 9,348 — **Previous Week: 9,031**
Cash Price: $133.28 — **Previous Week: $136.22** — **Year Ago: $158.76**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
Jan.	164.00	152.00	161.50	161.00	0	232.00	152.00
Jan.**	191.00	178.00	188.50	184.90	0**	244.00	178.00
March**	191.00	181.60	186.30	188.30	2,388**	252.00	181.60
May**	197.00	188.50	192.30	194.20	1,118**	241.00	188.50
July**	201.50	193.40	196.50	198.20	367**	219.00	193.40
Sept.**	206.50	197.50	203.00	203.10	409**	224.50	197.50
Nov.**	210.50	202.30	206.60	206.00	43**	226.50	202.30

**Revised Contract.

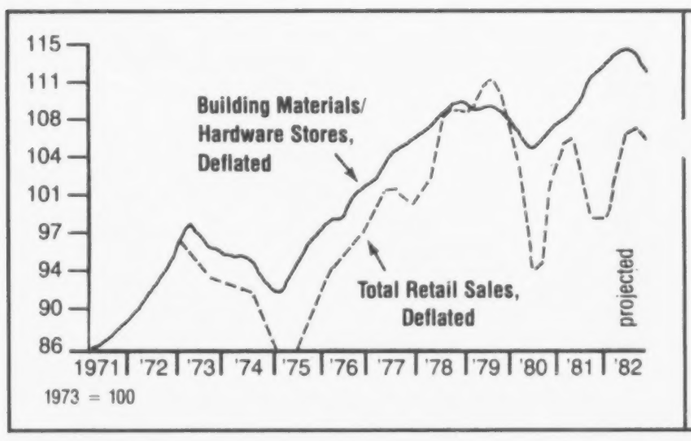
Total Contract Vol. (Through 1/22): 3,925 — **Previous Two Weeks: 2,465**
Total Open Interest (As of 1/21): 4,725** — **Previous Week: 4,239****
Cash Price: $179.34 — **Previous Week: $177.38** — **Year Ago: $210.70**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	261.9	259.8	305.0

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Jan. 21
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

L/F ECONOCYCLE

DIY retailers put bets on spring pickup



Building Materials & Hardware

Sales Change By Quarter

	'81 1Q %	'81 2Q %	'81 3Q %	'81 4Q %	'82* 1Q %	'82* 2Q %	'82* 3Q %	'82* 4Q %
Sales include Inflation	8.4	15.2	7.5	− 2.0	−4.8	7.1	16.6	16.5
Real sales (Deflated)*	−1.2	6.0	0.8	− 7.2	−8.2	2.8	8.8	6.8

12-Month % Change

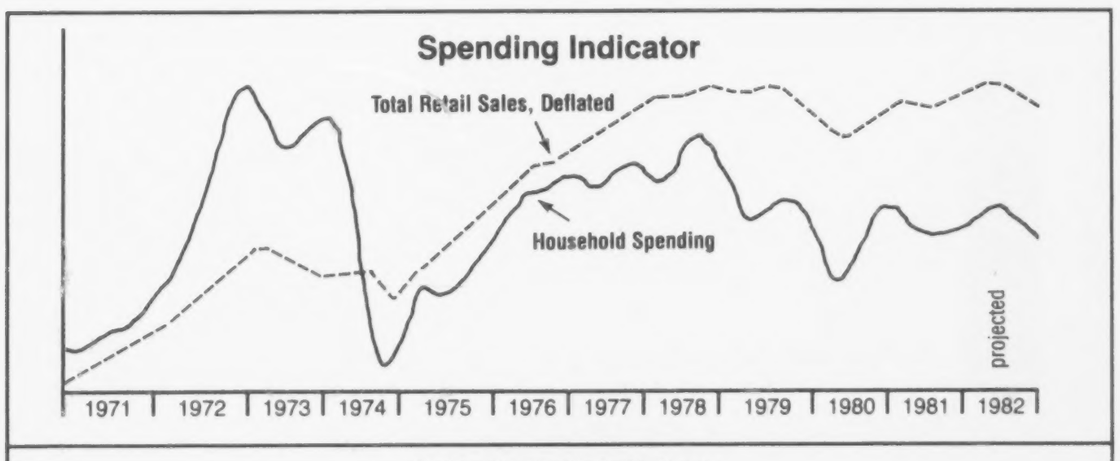
'80 %	'81 %	'82* %
− 3.2	7.1	8.5
−12.4	−0.5	2.2

Base = Nov. 1981 Sales
*Projected

Tight-fisted consumer spending patterns (chart below) are once again acting as a mirror to the general retail sales curve—indicating that retail gains could match, but won't outrun 1981 results, according to the latest Econocycle projections.

Coupled with a current downturn in the spending mood, in fact, general retailing is not expected to begin stepping ahead until midyear. The good news is that sales should start inching up through the second quarter, propelled by strong gusts in several key retail sectors.

DIY retailing is programmed for a sharp pickup with the spring thaw, but sales won't match '81 levels, despite an upturn expected to begin next month.


Spending Indicator
Total Retail Sales, Deflated
Household Spending
projected
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982

Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1981	1Q	8.9	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4'
	2Q	13.6	10.7	11.4	15.2	10.3	9.0	8.7	12.5	10.9
	3Q	10.2	9.5	9.7	7.5	8.1	5.1	8.5	9.4	8.3
	4Q	7.4	8.3	6.6	− 2.0	4.3	3.4	7.9	5.5	5.6
1982	1Q*	5.3	8.1	5.8	− 4.8	4.6	3.0	3.8	3.1	3.2
	2Q*	3.6	8.1	5.3	7.1	4.6	9.5	6.2	2.9	5.0
	3Q*	7.0	8.6	9.3	16.6	6.0	10.9	6.7	7.2	7.9
	4Q*	10.3	9.5	11.3	16.5	6.7	8.8	5.9	10.5	9.1
% change 12 mos.	1980	6.4	10.8	8.7	− 3.2	11.9	4.7	4.6	5.9	5.4
	1981	9.9	9.7	8.7	7.1	8.2	6.4	8.7	8.8	8.2
	1982*	6.6	8.6	7.9	8.5	5.5	8.0	5.6	5.9	6.3

Real Sales (Deflated)
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1981	1Q	0.7	− 1.4	− 2.1	− 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.6	0.3	2.1	6.0	0.3	3.0	4.5	5.8	4.9
	3Q	2.2	1.4	0.6	0.8	− 1.7	− 0.4	4.1	3.1	2.6
	4Q	0.4	3.6	− 1.0	− 7.2	− 4.1	− 2.1	4.5	0.4	0.8
1982	1Q*	− 1.5	2.4	− 0.5	− 8.2	− 2.1	− 3.4	0.7	− 1.8	− 1.6
	2Q*	0.6	− 0.6	− 1.3	2.8	− 0.1	1.6	3.2	− 2.2	− 0.3
	3Q*	2.2	− 0.7	2.2	8.8	2.7	2.3	3.8	1.9	2.4
	4Q*	3.2	− 0.6	3.2	6.8	3.4	0.7	2.5	3.5	2.7
% change 12 mos.	1980	− 3.3	3.0	− 0.7	−12.4	2.5	− 1.4	0.1	− 1.5	− 1.2
	1981	1.7	1.0	− 0.1	− 0.5	− 1.3	0.7	4.7	2.5	2.6
	1982*	1.1	0.1	0.9	2.2	1.0	0.3	2.6	0.3	0.8

Base = Nov. 1981 Sales
*Projected

The L/F Econocycle projection is for ongoing recovery of general home improvement sales through the second quarter. Sales in March are expected to develop at −4% (against March '81), following a 10% decline in February.

Looking ahead, total retail sales project a steady decline through March (off roughly 2%), followed by a strong snapback in the spring months. The industry's trendline will continue to improve, thanks to "assists" from several key retail sectors.

- Supermarket and grocery sales figure to match 1981 gains during the first quarter; and by year-end, food volume will again top prior year stats.
- Apparel specialties and department stores are expected to post first quarter gains, too, up to 2% higher.
- Slippage in discount stores (which began in the fourth quarter of '81) should ease up over the next two months.

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Department of Commerce.

Where an *Index Base* is indicated, the data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

STOCK PRICES

Companies with predominant home center sales

	As of 1/13	As of 1/20
Lowe's (NYSE)	11⅞	12⅝
Payless Cashways (NYSE)	16	16¼
Scotty's (NYSE)	17⅜	17⅜

Over-the-counter stocks

	As of 1/20 Bid	As of 1/20 Asked
Erb Lumber	9¾	11½
Hechinger	17¼	17½
The Home Depot	14	14½
Pay 'N Pak	14	14⅜
Wolohan Lumber	3⅜	3⅝

Companies with significant home center sales

	As of 1/13	As of 1/20
Action Industries (AMEX) [Action Home Centers]	2½	2½
American Maize Products (AMEX) [Lloyd Lumber, Lundy-Briggs]	9⅝	9½
Boise Cascade (NYSE)	31¼	32⅝
Cyclops (NYSE) [Busy Beaver]	25⅜	25½
Diamond Int'l (NYSE)	40⅛	39¼
Edison Brothers (NYSE) [Handyman, Homer's]	24⅞	25
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	16⅞	16
Forest City (AMEX)	12⅜	12¼
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	40⅞	41⅝
Interco (NYSE) [Central Hardware]	46⅛	45⅞
Peavey (NYSE) [Fish, Peavey/Thunderbird]	21	20¾
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	14⅞	15¼
Supermarkets General (NYSE) [Rickel]	17⅞	17⅝
Union Camp (NYSE) [Homecrafters]	45½	44
Wickes (NYSE) [Wickes Lumber, Builders Emporium]	8¾	8⅜

Merchandising paint . . . pp. 17-28

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Retailers face state tax blitz to offset cuts

WASHINGTON—This year's deep Federal spending cuts—and what is clearly the first round in a massive shift of tax and social welfare programs to state and local governments—has put retailing in the middle of a new kind of pressure cooker.

Since the first of the year, an unprecedented wave of state and local legislation has been drafted and introduced throughout the nation that aims at recouping billions of dollars in lost revenues through a series of expanded taxes on retail operators and units.

NHCN will feature a complete wrapup of state legislative tax proposals in our next issue.

The shift of 43 major Federal programs to the states will cut their income from Washington by 14.8% this year. By 1986, Federal grants to state and local levels will probably be sliced in half—at a cost of $2.3 billion this year and $27.5 billion by 1986, thanks to new tax breaks to corporations.

The dilemma state and local governments face is: where to find alternate revenue sources without cutting back on needed services. Some are already battling huge existing budget deficits and there's little hope they can recoup from existing revenue streams.

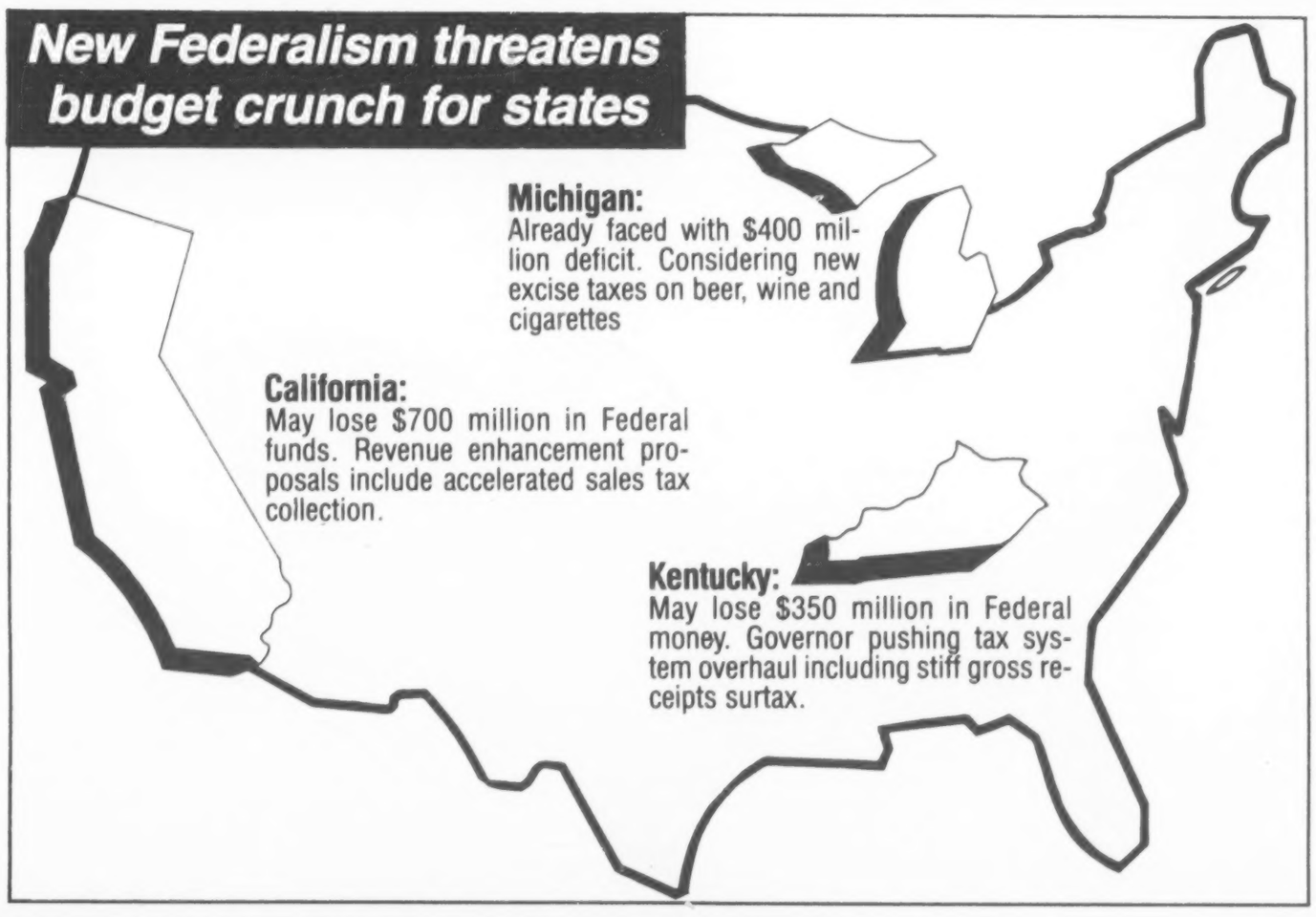
What retailers of all sizes and stripes should watch closely in the months ahead is the way state legislatures shape their taxing packages. *NHCN* Washington bureau research indicates retailers will be high on the "hit" list to help carry an even bigger burden than they do now.

Although there's little chance that the antichain taxes of the 1930's will be revived, state and local authorities will be examining retailing for new revenue streams to keep lunch or food stamp programs for the poor intact.

The most likely threats will come from increases in so-called luxury and excise taxes on retail goods in many sectors and regions of the country. The pressure is building already in several bellwether states to hike sales tax rates so more localities can pay for buses, subways and other social programs.

- **Michigan**—racked by high unemployment and a deeply depressed economy—is already $400 million in the hole. Its answer, for starters: A new round of excise taxes on beer, wine, cigarettes.
- **South Dakota** is considering

(Continued on page 56)


New Federalism threatens budget crunch for states
Michigan:
Already faced with $400 million deficit. Considering new excise taxes on beer, wine and cigarettes
California:
May lose $700 million in Federal funds. Revenue enhancement proposals include accelerated sales tax collection.
Kentucky:
May lose $350 million in Federal money. Governor pushing tax system overhaul including stiff gross receipts surtax.

Home center executives report no major cutbacks in their contingents attending the 1982 Home Center Show at Chicago's McCormick Place, March 14-17. NHCN photo

Industry preps for Chicago show

NATIONAL REPORT—Despite the generally dismal economic climate, home center executives queried by *NHCN* plan no cutbacks in their contingents attending the 1982 National Home Center/Home Improvement Congress and Exposition, scheduled for March 14-17 in Chicago.

Evaluating new products, conferring with vendors and exploring new merchandising techniques should take up most of the attendees' time, along with renewing old friendships and developing a 1 to 1 rapport with new associates.

Jim Mannix, merchandise manager for nine-store Chase-Pitkin, Rochester, noted that, although fewer people will be going from his company no aspect of the show will be ignored.

"We'll be looking at new fireplace lines, tying up some odds and ends in paneling and evaluating some new products," he said. "We still believe that any growth over the next six months to a year will be in the area of new products."

Attending the show from Chase-Pitkin will be general manager Jerry Yehl, new hard line purchasing manager Roger Anderson and Mannix. Yehl will be "developing a rapport with

(Continued on page 62)

Northeast dealers ready for gypsy moth invasion

By Kennet[illegible] Schept
NHCN senior editor

REGIONAL REPORT—Gypsy moths, which last year defoliated 12.9 million acres in the Northeast, will return this year to do equal or greater damage, according to the U.S. Department of Agriculture.

While some retailers were caught off guard by last year's demand, enabling other merchants with supplies to maintain prices on related pest control products, this year everyone is ready.

Despite the sales potential of the moth problem and plans for a manufacturer TV promotion blitz this spring, stores are approaching the season cautiously, even in the discount industry.

"Maintaining prices depends on what our friends at K mart do," said Jim Guck, lawn and garden buyer for Chase Pitkin. "Last year it didn't matter. They were out in a day or two. Price didn't mean anything. This year everyone seems geared up for it."

Chase Pitkin, with nine

(Continued on page 61)

Diamond backs merger with Goldsmith firm

NEW YORK—Diamond International, operator of 120 home centers, has decided to support a revised merger proposal that would join it with Cavenham Holdings, a British company run by Generale Occidentale, and controlled by financier Sir James Goldsmith.

The proposed merger agreement follows months of negotiations that were originally intended by Diamond to block the takeover bid by Sir James.

Under the terms of the proposed merger, Diamond shareholders other than those affiliated with Cavenham would receive $44.50 for each share of Diamond stock. Cavenham currently owns about 40% of Diamond's 13.7 million shares of outstanding common stock.

The terms of the current agreement were revised from a previous offer of $21 per share in cash plus debentures valued at $21 (*NHCN*, Jan. 18).

(Continued on page 61)

NEWSBREAKS

WICKES STRIKES CREDIT DEAL. Wickes, parent of Wickes Lumber and Builders Emporium, has announced plans to sell its agriculture division to Pillsbury, as part of a deal to secure a $580 million revolving credit agreement. The division, with 1981 sales of $236 million, and other assets are being sold "to meet the debt reduction schedule" laid down by the Wickes' lenders.

NEW NAME. Plywood Minnesota franchise units that broke away in September to set up an independent firm, PMI, have renamed the 44 outlets The Floor to Ceiling Stores.

BEAVER LUMBER PRESIDENT REPLACED. Albert Plant, who was president of the 200-plus unit Beaver Lumber chain, Toronto, Ontario, for almost 18 months, has been replaced by Alan Keyworth, Beaver's former president and currently senior vice president of the retail merchandising group for Molson, Beaver's parent.

CONKLIN UNITS SOLD TO MOFFATT. The Exeter and Goderich, Ontario, sites of troubled Conklin Lumber have been bought by Moffatt & Powell for a reported $2½ million (Canadian) following the company's recent merger with Powell Building Materials, Strathroy, Ontario.

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Canadian Tire set to add DIY items to more stores

TORONTO—Retail giant Canadian Tire finally appears ready to add do-it-yourself products, including lumber and building materials, to many of its stores.

The 355-unit, dealer-owned-franchise company last year added the items to seven stores increasing to 13 the number of outlets that carry lumber, plywood, insulation, doors and roofing to go along with its basic hardware, automobiles, home decor and seasonal mix.

Recently, however, Canadian Tire officials have invested time in fine-tuning its DIY lines before committing many more stores to the program. According to senior buyer of home improvements Dave Antcliffe, the fine-tuning is just about complete.

"We're ready to move more aggressively into home improvements," Antcliffe said. "I can't say how many stores will add the merchandise. Not all stores can. But, we've worked out the bugs. We had to decide who we wanted to cater to and the mix of products."

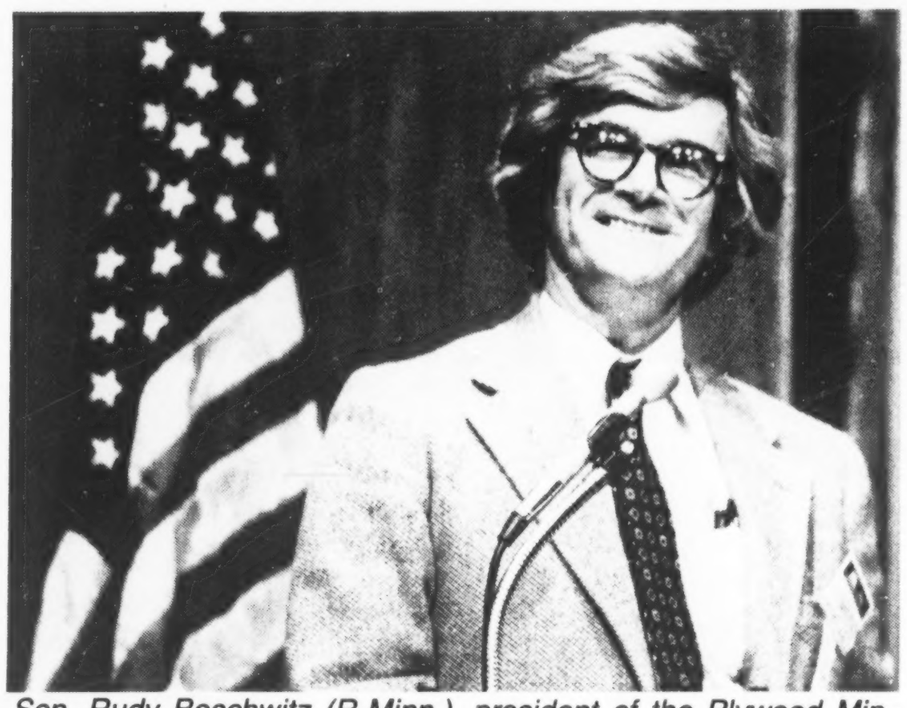
The company decided it would try to attract the do-it-yourself renovation market only and sell a basic mix.

"Long lengths of lumber for construction projects went out," Antcliffe related, noting that the lumber offered basically goes up to 8-ft. lengths. "Before, we carried more in the way of roofing, but now it is essentially shingles only. Most of our stores are in shopping plazas and didn't have the room or the need for some of those products."

Canadian Tire stores that carry lumber and building materials include two in the Montreal market, another in the Winnipeg area and several others scattered throughout Ontario, Antcliffe said. The home improvement departments normally range in size from 3,000 to 4,000 sq. ft. but some larger units have as much as 8,000 sq. ft. devoted to the category.

The product additions have been accommodated in space formerly used for warehousing or by condensing other departments, according to Antcliffe. He said that the company views the new lines as "a natural extension of our business."

Lumber and building materials are not "high priority" items in Canadian Tire's proposed acquisition of White Stores, Wichita Falls, Tex.



Sen. Rudy Boschwitz (R-Minn.), president of the Plywood Minnesota home center chain, has introduced a bill to the Senate to establish urban enterprise zones. NHCN photo

Altman added to West Coast staff

Altman

LOS ANGELES—Brad Altman has joined the West Coast Editorial Bureau of *NHCN*'s parent, Lebhar-Friedman and will be a correspondent for *National Home Center News* and *Chain Store Age Executive*, two of Lebhar-Friedman's seven retailing publications.

A 1977 graduate of California State University at Long Beach with a B.A. in journalism, Altman, 27, is a former general assignment reporter and consumer columnist at a Knight-Ridder daily, the *Long Beach Independent Press-Telegram*. He has also worked for the Associated Press' business news department in New York and the *Orange County Register* in California.

Altman's assignment to the Los Angeles office brings the number of Lebhar-Friedman West Coast editors to four. Susan Warner is bureau chief, supervising editors Louis Karney and Jim Storey.

NHCN's West Coast Bureau is located at 606 North Larchmont Blvd., Los Angeles, Calif. 90004, phone: 213-464-8321.

Reagan backs enterprise zones

Senate considers Boschwitz bill

By Kenneth Schept
NHCN senior editor

WASHINGTON—The Reagan Administration will soon submit legislation to Congress establishing the urban enterprise zones that the President referred to in his State of the Union address.

The purpose of the bill is to create jobs in distressed areas of the nation's cities by offering tax advantages to lure businesses into the zones.

There is currently a House version of the legislation and a Senate bill sponsored by Sen. Rudy Boschwitz (R-Minn.), president of Plywood Minnesota, the 20-store Midwest home center chain. The Administration version is expected to alter some tax advantages and permit the relaxation of various regulations.

Labor has predictably criticized the legislation since one of the regulations that could be relaxed is the minimum wage. Business is split over the bill.

Even Boschwitz, who views the legislation as a way for poor families to break out of the cycle of poverty, candidly admits that for some businesses, including his, the zones are not appropriate.

"He feels that because it is a retail business it would be difficult to get people into an urban setting to shop because of problems like crime," said Lillian Saunders, a Boschwitz aide.

However, since the zones may stimulate building with an investment tax credit for housing renovation, they could be beneficial to the home center industry, Saunders said. In addition, the areas might be par-

(Continued on page 60)

Existing home sales drop to 2.35M in 1981

WASHINGTON—Sales of existing homes in 1981 totaled 2,350,000 units, down 30% or 700,000 units from a year earlier in the worst performance since the recession of 1974, according to figures compiled by the National Assn. of Realtors.

While the median resale price of a home grew 6.8% to $66,900 in 1981, that increase did not keep pace with inflation, according to the association.

"In fact, if the Government throughout 1983, continues its excessive deficit spending and unnecessarily tight credit policies, which are keeping interest rates high, the average American home will lose 25% of its value," said Jack Carlson, chief economist and executive vice president of the NAR.

While 1981 was dismal for sales of existing homes, the year ended with a 1.6% increase in sales from November to December, when the seasonally adjusted rate reached 1,920,000. When home resales peaked in 1978, the seasonally adjusted rate reached 3,863,000 units.

The relatively minor boost in sales that ended 1981 was enough, however, for Carlson to predict a housing market recovery.

"We can expect the market to improve moderately by spring and summer and if interest rates decline, the recovery could span the entire year," he said.

Regionally, the decline in sales of existing homes was as follows: in the South sales were 966,000, down from 1,451,000 in 1980; the Northeast, 335,000 from 384,000; the North Central, 627,000 from 797,000, and the West 420,000 from 547,000.

Nielsen surveys DIY projects

Paint, caulking among top ten

NORTHBROOK, Ill.—Next to waxing the family car, painting the interior of one's home is the most popular DIY project tackled by Americans, according to a private study conducted last spring.

In a survey of 3,000 households by the audience research firm A. C. Nielsen, interior painting, the installation of caulking and exterior painting ranked second, eighth and 10th, respectively, on Nielsen's list of the top 10 most common DIY projects.

Projected nationally, an estimated 41 million people painted the interior of their homes in the previous year, second only in popularity to waxing or polishing a car, which was done by 44 million.

An estimated 22 million people installed caulking, the study said, while about 21 million painted the exterior of their house. Changing the oil in the family car ranked third; changing the air filter ranked fourth and changing the oil filter ranked fifth in the study.

The projections are based on responses to the question, had any member of the household, 15 years or older, participated in selected automotive and home repair and maintenance activities in the past 12 months.

Most popular DIY activities in auto/home categories

Rank	Category	Projected participants (add 000)	Rank	Category	Projected participants (add 000)
1	Wax or polish	44,129	22	Replace engine thermostat	13,514
2	**Painting inside**	**41,353**	**23**	**Lay carpeting**	**12,256**
3	Change oil (not add)	38,210	24	Replace battery cables	11,680
4	Change air filter	38,105	**25**	**Install deadlock/deadbolt**	**10,345**
5	Change oil filter	38,105	**26**	**Install ceiling attic insulation**	**10,292**
6	Change spark plugs	31,348	**27**	**Install wall paneling**	**9,323**
7	Change antifreeze (not add)	29,410	28	Replace shock absorbers	8,538
8	**Install caulking**	**21,946**	29	Replace engine starter	8,511
9	Change gas filter	21,266	**30**	**Install floor tile**	**8,407**
10	**Painting outside**	**21,187**	**31**	**Install storm doors**	**7,176**
11	Change distributor points	20,794	32	Replace fuel pump	7,097
12	Replace battery	18,987	33	Replace ignition cables	6,495
13	Replace sealbeam headlights	18,175	34	Replace voltage regulator	6,181
14	Replace fan belt	18,175	**35**	**Install storm windows**	**6,128**
15	**Install weather stripping**	**18,123**	**36**	**Install wall insulation**	**5,788**
16	**Wall papering**	**17,468**	**37**	**Install ceiling tile**	**4,374**
17	Replace radiator/heater hoses	16,342	**38**	**Install new roofing**	**4,321**
18	**Install doorknob lockset**	**15,111**	39	Replace radiator	4,218
19	Replace spark plug wires	14,430	**40**	**Install carpet tile**	**3,614**
20	Install radio/stereo/CB	14,430	**41**	**Install wall tile**	**3,326**
21	Replace transmission fluid	14,247	**42**	**Install thermal windows**	**2,357**

Included total continental United States population, age 15 or over.

Source: A. C. Nielsen

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